M/047/0007
cc: Leslie
Task 4112

SIMPLOT PHOSPHATES LLC 9401 NORTH HWY. 191 VERNAL, UTAH 84078
(435) 789-7795

April 28, 2011

Leslie Heppler
Minerals Program
DNR: Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Division Directive -

Dear Leslie Heppler,

This letter addresses the Directive that Simplot Phosphates received from the Division of Oil, Gas and Mining in the letter dated March 29, 2011. The intention of the directive was to correct deficiencies in our Notice of Intention to Commence Large Mining Operations regarding the slurry pipeline, and its potential risks and impact to the surface and ground water.

Please find enclosed the amendment to the NOI amendment page 4c that addresses the slurry pipeline, its risks and lists the measures taken to mitigate potential impacts. There were no maps or figures required with this amendment only the 1 page narrative.

If you have any questions or concerns, please contact me at (435) 781-3348.

Sincerely,

John Spencer
Environmental / Senior Mining Engineer
Simplot Phosphates LLC
9401 N. Hwy 191
Vernal, UT 84078
Ph (435) 781-3348
Fax (435) 781-3332
john.spencer@simplot.com

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DIV. OF OIL, GAS & MINING

Form MR-REV-art (DOGM - Revise/Amend Change Form)
(Revised september 14, 2005)

# Application for Mineral Mine Plan Revision or Amendment

| | | | |
|---|---|---|---|
| Operator: | | | Simplot Phosphates LLC |
| Mine Name: | | | Vernal Phosphate Operations File Number: M/ 047 / 0007 |

Provide a detailed listing of all changes to the mining and reclamation plan that will be required as a result of this change. Individually list all maps and drawings that are to be added, replaced, or removed from the plan. Include changes of the table of contents, section of the plan, pages, or other information as needed to specifically locate, identify and revise or amend the existing Mining and Reclamation Plan. Include page, section and drawing numbers as part of the description.

DETAILED SCHEDULE OF CHANGES TO THE MINING AND RECLAMATION PLAN

| | | | DESCRIPTION OF MAP, TEXT, OR MATERIALS TO BE CHANGED |
|---|---|---|---|
| X ADD | o REPLACE | o REMOVE | Add Page 4c to the NOI Revision dated August 10, 1984 with the attached page. |
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I hereby certify that I am a responsible official of the applicant and that the information contained in this application is true and correct to the best of my information and belief in all respects with the laws of Utah in reference to commitments and obligations, herein.

John Spencer — Print Name

John Spencer — Sign Name

Environmental/Sr Mine Engineer — Position

April 30, 2011 — Date

Return to:

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Phone: (801) 538-5291 Fax: (801) 359-3940

FOR DOGM USE ONLY:
File #: MI I
Approved:
Bond Adjustment: from ($)
to $

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Pipeline Operation and Maintenance:
Simplot Phosphates LLC commits to follow all applicable DEQ rules and regulations regarding the operation and maintenance of the phosphate slurry pipeline and handling of any spills that might occur as a result of breaks in this slurry pipeline.

The nearly 30-year history of the slurry pipeline operation shows that the majority of the wear on the pipeline occurs in the first mile. This is due partially to the oxygen in the water oxidizing and corroding the pipeline in the first mile until the oxygen is consumed; and it is also due to the fact that the slurry itself does not reach steady state until somewhere in the first mile. The first mile of pipeline has been replaced periodically (approximately every 8 to 10 years) as testing shows it is wearing to the point replacement is required. The rest of the pipeline is original pipe all except for a few very small-localized sections that also indicated through testing that replacement was required.

On a routine basis the following inspections and testing required are:

- Critical Cathodic Bonds - Bimonthly.
- Cathodic Protection Survey of the entire pipeline - Annually.
- Smart Pig of the entire pipeline every 2 years. The smart pig performs thickness testing via magnetic resonance to determine wear in the pipeline wall and this data in turn helps in the determination of timing for pipeline repair and replacement.
- Monthly aerial inspections of the entire length of the pipeline.
- Ultrasonic thickness testing at the manhole locations - Annually. There are currently 10 manholes where the pipeline can be accessed and the ultrasonic testing performed. We will add two additional manholes in the first mile since history has proven this to be the critical area. These will be added over the next year.

Actions taken to prevent or mitigate future potential impacts to surface and ground water that might occur as the result of a pipeline break or similar occurrence:

- Use of a chemical additive in the pipeline water to remove oxygen. Currently Ammonium Bisulfide is used as an oxygen scavenger to remove the oxygen and reduce the amount of oxidation and corrosion that occurs.
- Repair or replacement of the pipeline as indicated through inspections and testing. We are currently in the process of replacing the first 4,000 ft of pipeline, which is to be completed by Summer of 2011. All welding repairs and pipeline replacements will be performed by certified welder following the applicable API 1104 codes.
- Pond work right by Big Brush Creek. The existing pond was very small, but is very critical. This pond is the last opportunity to control pipeline spills and prevent slurry and water from entering into waters of the state. The pond was enlarged to contain approximately 350,000 gallons which is the equivalent of approximately 16 miles of pipeline.
- The drain valve and pipe at the manhole closest to Big Brush Creek will be rerouted to the enlarged pond right next to the manhole. The valve at this location can also be fitted to hoses and connected to the mines water trucks in an emergency to help remove water.
- Review and update the ***Emergency Spill Procedures*** on a periodic basis to ensure they meet all government requirements.
- Provide training to all company employees on a periodic basis on the latest ***Emergency Spill Procedure***.
- Collect samples from future spills and obtain laboratory chemical analysis these of samples. Samples will be taken of the spilled material, the affected waters and upstream of the affected waters. These will be analyzed to meet DEQ requirements.
- Simplot will notify all appropriate local, state and federal agencies in the event of a spill.